

Message Text

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ACTION EB-07

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TAGS: CERP, EIND, KS, US

SUBJ: ROK TEXTILE PRODUCTION CAPACITY PLAN FOR 76-77

REF: ZAMULA-MARSHALL TELECON DEC. 7, 1976, SEOUL A-183

1. REFERENCED TELECON WAS A REQUEST FOR A PUBLISHED LIST OF TEXTILE MACHINERY (BY FIRM) TO BE IMPORTED ON THE BASIS OF BIDS FOR WHICH MCI (MINISTRY OF COMMERCE AND INDUSTRY) APPROVAL HAS BEEN BRANTED. DEPTOFF ALSO REQUESTED INFORMATION ON BID DEADLINES, AMOUNT TO BE IMPORTED AND PORTION ALREADY CONTRACTED. FOREGOING REQUESTS WERE EVIDENTLY BASED ON DISCUSSION WITH MR. L. HUGH BALLARD OF AMATEX, GREENVILLE, SOUTH CAROLINA, WHO CALLED ON EMBASSY NOVEMBER 15, 1976 FOR SALES LEADS.

2. REGRETFULLY, IMPRESSIONS WHICH MAY HAVE BEEN CONVEYED TO DEPARTMENT ARE ERRONEOUS. NO RPT NO LIST HAS BEEN PUBLISHED AND, EXCEPT WHEN FORCED BY RARE CIRCUMSTANCE, KOREAN TEXTILE FIRMS DISLIKE PURCHASE OF TEXTILE EQUIPMENT ON BIDS. THEREFORE, IT IS BASED ON DIRECT SALES WITHOUT BIDS. KOREAN TEXTILE FIRMS PREFER DIRECT PRIVATE BUYING BECAUSE PUBLIC ADVERTISEMENT FOR BIDS EXPOSES THEM TO ALL SORTS OF UNDESIRABLE PRESSURES TO MAKE PURCHASES THAT MIGHT BE UNECONOMICAL.

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3. TABLE ONE OF SECOND REFERENCE REPORTS ADDITIONAL

CAPACITY FOR 1977 OVER PREVIOUSLY REPORTED FOURTH FIVE YEAR EXPANSION PLAN FIGURES WHICH MAY BE PERMITTED BY MCI. WHETHER ANY ACTUAL EXPANSION TAKES PLACE DEPENDS ON INDIVIDUAL COMPANY DECISIONS, WHICH ARE LARGELY BEING DEFERRED BECAUSE OF CONCERN THAT FOURTH QUARTER FALL OFF IN L/C ARRIVALS ACCOMPANIED BY SOFTENING EXPORT PRICES SUGGESTS NEED FOR PAUSE TO DETERMINE WHERE US AND WORLD ECONOMIES ARE GOING. NEVERTHELESS, SHOPPING AND SALES BARGAINING WITH AGENTS FOR JAPANESE, ITALIAN, BRITISH, FRENCH AND OTHER EQUIPMENT MAKERS HAS CONTINUED WITHOUT ANY FINAL DECISIONS BEING TAKEN. AGENTS OF US FIRMS ARE SAID TO BE MUCH LESS AGGRESSIVE IN SEEKING OUT BUYERS.

4. BALLARD WAS GIVEN THE LIST FROM WHICH MCI COMPILED THE FIGURES IN TABLE ONE OF SECOND REFERENCE, AS A GUIDE ON WHICH FIRMS HAD SUBMITTED EXPANSION APPLICATIONS TO ROKG. MCI "APPROVAL" OF THE LIST PROVIDES ONLY THAT FIRMS LISTED MAY SUBMIT APPLICATIONS FOR IMPORT L/C'S BETWEEN OCTOBER 29, 1976 AND JULY 29, 1977 UP TO THE METRIC TONS OR NUMBER OF SPINDLES OR LOOMS INDICATED. THE LIST WAS NOT FORWARDED TO WASHINGTON BECAUSE IT WAS RECEIVED IN CONFIDENCE FROM MCI WITH THE EXPRESS UNDERSTANDING THAT IT NOT BE PUBLISHED OR USED AS PART OF AN EXPORT CAMPAIGN. IT WAS GIVEN TO BALLARD ONLY AS A BACKGROUND GUIDE TO WHICH COMPANIES AMATEX MIGHT FIND IT WORTHWHILE TO CALL UPON. EMBASSY IS PREPARED TO PROVIDE IT LOCALLY AS BACKGROUND TO AMERICAN TEXTILE MACHINERY SALESMEN, BUT CONSIDERS IT UNSUITABLE FOR ANY OTHER USE.

5. SINCE THE SECOND REFERENCE WAS PREPARED, MCI HAS ADDED AN ADDITIONAL 251,000 COTTON SPINDLES AND 96,000 SPINDLES TO WORSTED, WOOLEN AND PVA CAPACITY FOR 1977. ON DECEMBER 13, 1976 A SMALL NUMBER OF GOVERNMENT, INDUSTRY, AND ACADEMIC EXPERTS WILL CONVENE AT MCI TO PROJECT TEXTILE DEMAND IN 1987, AND UNDOUBTEDLY FURTHER CHANGES IN THE EXPANSION PLAN WILL RESULT FROM THAT MEETING,
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Message Attributes

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